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TAGS: [PREL](#) [PGOV](#) [ECON](#) [IT](#) [EUN](#) [MEPP](#) [ITALIAN](#) [POLITICS](#) [ITALY](#) [NATIONAL](#) [ELECTIONS](#)

SUBJECT: ITALY: CENTER-LEFT'S PRODI NOT PREDICTING 2006

VICTORY, BUT WOULD "COORDINATE CLOSELY" WITH EU IF ELECTED

REF: A. ROME 1058

[B](#). MILAN 135

[C](#). FLORENCE 62

[D](#). FLORENCE 15 (NOTAL)

Classified By: THE AMBASSADOR, REASON 1.4(D).

SUMMARY

[1](#). (C) At a farewell dinner hosted by the Ambassador, center-left leader Romano Prodi predicted his coalition would take at least three additional regions in April 3-4 regional voting. He surprised the Ambassador by not predicting his own victory in next year's national balloting. Despite efforts to pin him down on differences between Prodi and Berlusconi governments' foreign policies, Prodi remained vague -- but conceded that if elected, he would coordinate Italian policies more closely within the European Union, including policies vis-a-vis the United States. END SUMMARY.

[2](#). (C) Expected center-left standard bearer in 2006 national elections, and former European Commission President (1999-2004), Romano Prodi joined the Ambassador at a farewell dinner at Villa Taverna on March 31. Prodi was accompanied by his political adviser, Dr. Riccardo Franco Levi. DCM and PolMinCouns accompanied the Ambassador. Throughout the evening, Prodi was relaxed and cordial. He was notably more animated when discussing the European Union than in discussing Italian policy.

REGIONAL ELECTIONS

[3](#). (C) Of the fourteen Italian regions voting April 3-4, Prodi predicted the center-left would hold the six regions it already controls (Emilia Romagna, Tuscany, Marche, Umbria, Campania and Basilicata). He acknowledged the center-right would keep Lombardy and Veneto. He was optimistic that the center-left would take the "three smaller regions" of Liguria, Calabria, and Abruzzo, and characterized Lazio, Piedmont, and Puglia as being "too close to call." (Comment: Consulate Naples suggests that current information more realistically puts Calabria in the too-close-to-call category, and Puglia as likely to remain with the center-right. End Comment.)

[4](#). (C) Asked by the Ambassador about the significance of the regional vote, Prodi said Lazio (Rome's region) is symbolically important. The fact that Berlusconi has joined campaigning in Lazio (Ref A) is not surprising, Prodi said. He will also campaign in the region.

NATIONAL ELECTIONS

[5](#). (C) Prodi surprised the Ambassador by not predicting that his coalition would win 2006 national balloting. It is too early to forecast the outcome, Prodi, the presumed standard bearer, said; the elections are still a year away. It is true that many voters are disillusioned with PM Berlusconi, he continued, but "that does not mean they will trust me more."

FOREIGN POLICY -- BERLUSCONI VS. PRODI

[6](#). (C) The Ambassador probed repeatedly for specifics on how a Prodi-led government's foreign policy would differ from that of the Berlusconi government. Prodi danced around the issue, repeatedly changing the subject. "I was opposed to the Iraq war," he said directly. "That has not changed." However, there are many issues on which it is vital that the United States and Europe work together, he added. He referred to the "many issues" on which the U.S. and Europe worked successfully during his EC Presidency, mentioning Galileo and steel as examples. Pressed again, Prodi finally conceded that an Italy led by his coalition would coordinate its policies more closely with the EU, including its policies toward the United States.

[7](#). (C) PolMinCouns noted that Berlusconi has made Italy's dealings with the Palestinians and Israel more even-handed; this, we believe, has increased Italy's effectiveness in the

MEPP. Would Prodi change this approach? No, Prodi responded, but he would like to see the EU and the Quartet "more active" in the MEPP. (COMMENT: So would the current government.) Pressed for what that might mean in practice, he changed the subject.

EUROPEAN UNION

18. (C) Throughout the conversation, the former EC President was more animated in his discussion of the European Union than of Italy.

-- He stressed the importance of EU enlargement. His presidency set the goal of enlargement by ten members and stuck to it; that was strategically important.

-- He personally believed it was a mistake to delay Croatia's candidacy because of its non-cooperation with The Hague. There would always be reasons to delay, but enlargement is a strategic objective.

-- It is unfortunate, but unavoidable, that the press for Turkey's candidacy comes at the same time as ratification of the new European Union constitution. It will certainly increase votes against the constitution in France.

-- If French voters reject the constitution, "there is no Plan B." The Union will continue with current procedures. It would not be the first great crisis the EU has faced, Prodi said, but French rejection would be a serious setback.

-- We do not know where China will be in 15 years; will it work within the international system, or remain outside? It is an important challenge that the U.S. and EU should meet together.

ITALIAN ECONOMY

19. (C) The Ambassador asked Prodi (an economist) how he would make the Italian economy more competitive. In the past, Italy could use devaluation to relieve economic pressures, Prodi said, but this had allowed the country to avoid changing its practices and its way of thinking. Italy needs innovation, he insisted. He agreed with the Ambassador's litany of complaints from business (unpredictable judicial system, excessive government bureaucracy, lack of government investment in research and technology), and asserted such problems should be addressed, but offered no specifics on what he would do, if elected.

UNIVERSITY REFORM

110. (C) During the course of the evening, the conversation touched on university reform. Prodi, a university professor, observed that it would be three times easier to reform the government bureaucracy than that of the universities. A plan for university restructuring could not go into his political platform, Prodi said. Everyone knows there is a problem, but no one knows how to tackle it. In a recent meeting with coalition partners to discuss platform issues, Prodi suggested higher fees for students of cinematography than for those of electric engineering. Silence and averted gazes met him around the table. Italian universities are fossilized, no longer centers of excellence, he complained.

COMMENT

111. (C) Prodi was relaxed and friendly throughout the meeting. He emphasized that he had worked well with the U.S. as Prime Minister and as European Commission President. Despite our best efforts to draw him out on foreign policy issues, he seemed reluctant to say anything that we would report in a negative light to Washington. He was vague on any details related to his political plans. A year prior to the national elections, the center-left's leader and expected candidate was muted in his optimism about his own chances and that of his coalition.

112. (C) While Prodi wanted to avoid being pinned down, he made two telling comments. In one, he referred to Italy as a "second-tier country." The other was his admission that a center-left government led by him would coordinate more closely with the EU than with the U.S. Both reflect the influence of his stint in Brussels. We wonder if he has absorbed the French and German prejudices toward the country he now proposes to lead. We fear that if he were elected, Prodi would assure us he was doing all that he could to support issues of importance to us behind the scenes -- but he would not challenge French and German EU hegemony. END COMMENT.

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